



MINUTES

Adoption Subsidy Program Study Committee

November 8, 2004

MEMBERS PRESENT:

Senator James Seymour,
Cochairperson
Senator Jerry Behn
Senator Amanda Ragan

Representative Polly Granzow,
Cochairperson
Representative Betty De Boef
Representative Geri Huser

MEETING IN BRIEF

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- I. Procedural Business.
- II. Overview of the Adoption Subsidy Program — Department of Human Services (DHS).
- III. Adoptive Parent Viewpoints Concerning Adoption Subsidy Program and Program Changes — Iowa Foster and Adoptive Parents Association (IFAPA) Panel.
- IV. Recommendations for Legislative Monitoring of Program Changes and Information on Other States' Experiences With the Adoption Subsidy Program — Child and Family Policy Center.
- V. Committee Report.
- VI. Materials Filed With the Legislative Services Agency.



Adoption Subsidy Program Study Committee

I. Procedural Business.

Call to Order. Temporary Cochairperson Seymour called the meeting of the Adoption Subsidy Program Study Committee to order at 10:03 a.m., Monday, November 8, 2004, in the Legislative Dining Room of the State Capitol.

Adoption of Rules. Members of the Study Committee adopted procedural rules which are available, upon request, from the Legislative Services Agency.

Election of Permanent Cochairpersons. Upon motion of Representative Huser, members of the Study Committee elected temporary Cochairpersons Senator Seymour and Representative Granzow as permanent Cochairpersons.

Recess and Adjournment. The Committee recessed at 11:37 a.m. and reconvened at 12:45 p.m. The Committee recessed at 2:15 p.m. and reconvened at 2:30 p.m. The meeting adjourned at 4:05 p.m.

II. Overview of the Adoption Subsidy Program — Department of Human Services (DHS).

Ms. Mary Nelson, Division Administrator, Division of Behavioral, Developmental and Protective Services for Families, Adults and Children, DHS, and Ms. Charcie Carey, Program Manager for Adoptions, DHS, provided an overview of the Adoption Subsidy Program.

Background. The Adoption Subsidy Program was initiated as part of the federal Adoption Assistance and Child Welfare Act of 1980. The program provides adoption assistance, including financial assistance and other support, to families who adopt special needs children, to place these children, who cannot or should not be returned to their biological families, in safe, secure permanent homes. Ms. Nelson noted that provisions in Iowa law preceded federal law by providing for a similar program beginning in the 1970s. The financial support for the program is provided under Title IV-E of the Social Security Act.

Ms. Nelson noted that children who are adopted have more successful outcomes than those who grow up in foster care. The Adoption Subsidy Program helps to decrease the waiting time until adoption for children with disabilities, older children, and children who need continued treatment. Additionally, provision of an adoption subsidy is associated with adoption stability and lower disruption rates.

Eligibility Criteria. The eligibility criteria for the Adoption Subsidy Program include that DHS must document that the agency is unable to place the child in an appropriate adoptive home without a subsidy and the child must meet a specific special needs category. Federal requirements prohibit a state from considering adoptive parent income in determining a child and family's eligibility for the subsidy or the amount of the subsidy. Those participating in the program are issued a Medicaid card; however, Medicaid coverage is only to be used if the family's own private insurance coverage does not cover the health needs of the child.

The Iowa criteria for special needs fall into seven categories including: the child has a medically diagnosed disability, the child has mental retardation, the child is diagnosed with a behavioral or



emotional disorder, the child is diagnosed with a psychiatric condition that requires professional services, the child is eight years of age or older and Caucasian, the child is age two or older and is a member of a minority race or ethnic group or has parents who are of different races, and the child is a member of a sibling group of three or more children who are placed in the same adoptive home. There is also a category for "future needs eligibility," which allows parents to come back for subsidy support if a child has no current signs of exhibiting a special need, is known to be "at risk," and exhibits needs at a later time. Even though the future needs eligibility usually must be noted before the adoption decree is finalized if exceptional circumstances exist, the parents of an adoptive child may also come back at a later time to receive the subsidy if the risk was unknown at the time of adoption. A professional must document the future needs eligibility, and it is becoming more standard in the agreements. DHS is doing a better job of informing parents of the ability to include the future needs eligibility provision in the agreement.

Program Benefits. The benefits of the Adoption Subsidy Program include: monthly maintenance payments up to the amount the child would receive in family foster care, including special care rates, through age 18, or 21 if the child has a disability; Medicaid coverage for the child's physical and mental health; certain expenses not covered under Medicaid, such as additional premiums to add the child to the family's health insurance coverage group, payment for outpatient individual or family services from non-Medicaid providers in special situations, and medical transportation not covered under Medicaid; nonrecurring expenses reimbursement, including attorney fees and court costs to finalize the adoption up to \$500 per child; and special services such as supplies and equipment required for the child's special needs, funeral benefits, and child care for families that had completed an adoption subsidy agreement that included child care prior to June 30, 2004. The majority of payments for child care are in Polk County.

Other States Comparison. Ms. Nelson compared Iowa with other states on adoption subsidy benefits based on 2003 data. Iowa is "average" on the definition of special needs. Some states are more expansive in their definition. Iowa ranks "good" in the amount of the maximum basic monthly payment, "good" on specialized rates, and "good" on eligibility for Medicaid. Ms. Nelson projected that Iowa would now rank "below average" on nonrecurring expense reimbursement because prior to 2002, the amount paid for nonrecurring expenses was \$2,000, but in 2004 was reduced to \$500. Ms. Nelson stated that any amount less than \$1,000 would be viewed as below average. Iowa would rate as "average" on special services. On other subsidy benefit comparisons, Iowa ranks "average" on providing respite care and residential treatment, "good" on deferred subsidy agreements, and "below average" on subsidized guardianship because Iowa does not fund a subsidized guardianship program. On the topics of public and private agency children and subsidy for children over age 18, the state ranks "good." Ms. Nelson noted that it is difficult to compare states because some states might include child care in their basic payments or might have higher costs of living.

Adoption Demographics. Ms. Nelson noted that the numbers of adoptions facilitated by DHS and subsidized adoptions in total have grown over time and that 95 percent of those placed by DHS for adoption receive a subsidy. The projection for the average monthly number of subsidized adoptions for FY 2005-2006 is over 7,000, with the current number being 6,688. The total number in all of foster care is currently just over 4,000 children. Once a child is adopted and enters the



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program, the child will be included in the subsidized adoption numbers until the child turns 18 or 21.

The profile of a child in the Adoption Subsidy Program is that 50 percent are male and 50 percent are female; roughly 20 percent are age 0-5 years, 38 percent are 6-11 years, 27 percent are 12-15 years, and 14 percent are 16 years of age or older; and roughly 69 percent are Caucasian, 19 percent are African-American, 5 percent are Hispanic/Latino, 3 percent are Native American, and 3 percent are Asian/Pacific Islander or other.

Expenditures. The expenditures for the Adoption Subsidy Program in FY 2003-2004 were \$47,399,377 in state and federal dollars, with approximately \$23.9 million in state dollars and an average daily cost of \$20.82. In FY 1995-1996, the total state and federal dollar expenditures were \$10,855,740 with approximately \$5.3 million in state funds and an average daily cost of \$15.53. The projection for the current fiscal year is \$51 million in state and federal funds with \$27 million in state funding and for the following fiscal year, \$57 million in state and federal funds with \$30.8 million in state funds.

In comparing the Adoption Subsidy Program costs to foster care costs, the expenditures for maintenance and services are fairly comparable. The adoption subsidy reduces costs associated with caseworker supervision, periodic case review, judicial hearings, and attorney fees. Additionally, if a child is not accepted in foster care, they may be placed in residential care, which is more expensive.

Recent Changes. In an effort to manage expenditures, changes were made in the program beginning July 1, 2004. These include changes in eligibility which eliminated from the special needs category minority children under age two and healthy siblings in sibling groups of two, changes which eliminated child care payments unless the provision was included in an agreement prior to June 30, 2004, and a reduction in the cap on nonrecurring attorney fees and court costs to \$500. Additional changes include elimination of the \$1 per day additional subsidy payment for sibling groups of three or more, addition of a one-time payment of up to \$500 for placement costs of sibling groups of three or more placed together, the addition of a one-time payment of up to \$2,000 for preplacement visits, and staff training to improve consistency of eligibility determinations and subsidy negotiations. The payment of up to \$2,000 for preplacement visits covers such things as hotels, airfare, and other costs associated with visiting a child when in the preplacement phase.

Recommendation. The recommendation of DHS regarding the Adoption Subsidy Program is to set apart adoption subsidy as a separate appropriation from the rest of child welfare. Currently the program expenditure is an allocation under child and family services and the directive is that the program is to be funded within the amount appropriated. Concerns were raised about the problems that occur in other parts of the Child and Family Services Program if the Adoption Subsidy Program is fully funded and what alternatives exist so that children are not harmed in any portion of the Child and Family Services Program. With a projected increase of \$3.8 million for the next fiscal year, DHS is concerned that the program may not be fully funded without changing the basic, medical, or special rates. The basic rate could be changed to be less than the foster care rate, but this might result in a disincentive for families to adopt. The rate for the reimbursement payment for foster parents is set in statute and is based on 65 percent of the USDA rate of the cost of raising a child. DHS is requesting an increase of \$722,000 for FY 2005-2006 in order to bring



the Adoption Subsidy Program into conformance with the foster care rate statute and an increase of approximately \$300,000-\$400,000 to bring the foster care program into compliance with this same rate.

In Iowa the percentage of children for whom parental rights have been terminated and who are not adoptable or who are removed after the adoption is about 5 percent, which is lower than the national average of 10 percent. The majority of children who come into the Adoption Subsidy Program come in through a child in need of assistance proceeding.

III. Adoptive Parent Viewpoints Concerning Adoption Subsidy Program and Program Changes — Iowa Foster and Adoptive Parents Association (IFAPA) Panel.

Overview. Ms. Lynhon Stout, Executive Director of the Iowa Foster and Adoptive Parents Association, spoke to the Committee about her organization. She stated that IFAPA serves as a liaison between parents and DHS, provides training to foster and adoptive parents, holds a state conference, publishes a newsletter, and employs four adoption specialists who help parents with the adoption subsidy process. Ms. Stout indicated that IFAPA is funded through DHS and is one of the top such associations in the country. She stated that IFAPA has operated the KidSake Program to recruit foster parents pursuant to a three-year contract with DHS which expires in June 2005. Ms. Stout indicated that 70-80 percent of foster parents adopt the children they foster who are available for adoption. She stated that this results in a continuous need to recruit new foster families. Ms. Stout stated that a key issue is to educate parents about the responsibilities and requirements involved in adopting such children and to resolve inconsistencies in procedures across the state. Ms. Stout indicated that the children adopted have very special needs resulting from abuse, neglect, and drug issues and it is not always possible to predict what behaviors the children may later exhibit as a result. She stated that it is important for parents to know that even if they do not need an adoption subsidy at first, assistance will be available later if a child develops special needs. She stated that the adoption subsidy is really preventative in nature by making treatment available for kids to avoid future problems.

Cochairperson Seymour asked how many members IFAPA has and the breakdown between members who are foster parents versus adoptive parents. Ms. Stout stated that IFAPA sends out materials to approximately 5,000-6,000 families with about half of them foster and half adoptive families. She stated that attendance at IFAPA events involves about 2,300 families. She stated that IFAPA contacts all new foster families but adoptive families must contact IFAPA since the list of adoptive families is confidential.

IFAPA Report. Ms. Angela Stark, an adoption information specialist with IFAPA, discussed the written report submitted to the Committee in advance, "A Future for Iowa's Children," which she authored. Ms. Stark stated that the children involved in the Adoption Subsidy Program are the hardest to place for adoption because of their special needs and are not the type of children that are placed by other agencies.

Ms. Stark opined that every child deserves a family and that there are all types of adoptive families, including single- and two-parent ones. Ms. Stark indicated that the children involved in the



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Adoption Subsidy Program sometimes involve sibling groups and may have special needs for services such as ongoing daily interventions and therapy appointments. She stated that while Iowa is finalizing a record number of adoptions of such children, the adoptive families need help and support to deal with the emotional and financial toll of adopting these children.

Ms. Stark stated that in a survey conducted by IFAPA in 1999, foster and adoptive parents indicated that they needed access to support groups, crisis intervention, quality therapy, child care, respite care, and training services. Ms. Stark stated that in the 1970s there was an effort to do away with financial incentives for adoption, but things changed with the enactment of the Adoption and Safe Families Act in 1997. Ms. Stark stated that children who are not adopted and simply age out of foster care are more likely to become pregnant, homeless, and use drugs. She stated that children who are adopted have many benefits, including permanent, supportive homes and increased access to medical care.

Ms. Stark indicated that useful tools for adoptive families include a community resource guide listing resources available to adoptive families and where to find them, an adoption subsidy handbook explaining the subsidy negotiation process and the criteria for eligibility, and information about the adoption tax credit. Ms. Stark opined that the Adoption Subsidy Program needs to be administered consistently across the state. She stated that other states provide tools to help adoptive families negotiate an adoption subsidy. She stated that in the state of Washington a worksheet is used to identify each child's needs and the family's resources. She stated that the subsidy program needs to be flexible because not every family needs every program.

Tax Credit. Cochairperson Granzow asked for an explanation of the federal adoption tax credit. Ms. Stark stated that during the five-year period after a child is adopted, an adoptive family may receive a total federal tax credit of \$10,160 for each child adopted. She also stated that eligibility for the tax credit phases out for families with incomes between \$150,000 and \$190,000. Senator Ragan asked what the special needs criteria is to qualify for the credit. Ms. Stark explained that if an adoption is subsidized, a family is eligible to receive the credit for that adoption.

Adoptive Parent Panel. Ms. Stout introduced a panel of parents who have adopted special needs children and who participate in the Adoption Subsidy Program: Mr. Ron Cronk and Ms. Julie Cronk of Des Moines, Ms. Karmen Inman of Des Moines, Ms. Dianne Larson and Mr. Mike Gorton of Cedar Falls, Ms. Susan Weber of Des Moines, and Ms. Sandra Thompson of Urbandale.

- Mr. and Ms. Cronk discussed the three special needs children that they adopted after first serving as their foster parents. Mr. Cronk indicated that he was laid off from his job because he was unwilling to give up the children and move out of state. He indicated that the oldest child, a girl who is six, has a hearing impairment and a developmental impairment; her younger sister has prenatal hepatitis C, which requires constant monitoring; and the youngest child is a two-year-old boy who is drug-affected and has a developmental impairment. Mr. Cronk indicated that the adoption subsidy is spent for activities such as skating lessons for the children and for medical expenses such as hearing aids. He stated that their family also needs assistance with child care expenses. In response to a question from Cochairperson Granzow, Ms. Cronk indicated that they have not had any trouble finding a child care provider.



- Ms. Inman stated that she also started out as a foster parent and has adopted eight of her foster children. She said she has seven adopted children still living at home, ranging in age from six to 18. She stated that all seven children have attention deficit hyperactivity disorder, three exhibit oppositional defiant behavior, one has autism, and several are drug- and alcohol-affected. Ms. Inman stated that none of these problems were diagnosed in the children prior to their adoptions. She stated that she puts out 23 bottles of medications for the children each day and that her husband's employer is unable to change insurance carriers because of their family's high usage of medical services. Ms. Inman stated that the children's problems do not go away as the children grow up and that while a child may not exhibit problems when that child is small, things become apparent as the child becomes older. She stated that she made a lifetime commitment to each child at the time of adoption because she has seen what happens to teenagers who were not adopted when they grew up and aged out of the foster care system. She stated that the Adoption Subsidy Program needs to be flexible enough so that the subsidy can be renegotiated when a child's additional needs become apparent.

- Mr. Gorton and Ms. Larson, who stated that they are both social workers, told the Committee that they have two birth children and two adopted special needs children. Ms. Larson stated that the two children they adopted had been together and that one child is bipolar and the other child requires special education. She stated that the subsidy enables her family to give the children a normal life, such as music lessons, and pays for the many medical expenses the children incur. She stated that the family will need to support these children beyond age 18 because of their developmental delays and that even normal children are not financially independent until age 26 on average. She stated that the adoption subsidy pays for 70 percent of the cost to raise the children each year, which is similar to foster care payments. Ms. Larson stated that she and her husband would not have been able to afford to adopt these children without the subsidy because it would take too many of the family's resources away from their birth children. Ms. Larson opined that the adoption subsidy really works and helps. She stated that the subsidy is a valuable recruitment tool and encourages kinship adoptions, such as grandparents who otherwise could not afford to adopt their grandchildren and single people who cannot afford international or infant adoptions from other sources. Ms. Larson stated that she is concerned that taking away or reducing the adoption subsidy will create barriers to adoption. Cochairperson Granzow stated that the issue the Committee is looking at is not the elimination of subsidies but rather the recent rule changes and their impact on subsidies for child care costs. Ms. Larson responded that she is concerned that families will lose the subsidy for adopted siblings where only one child has special needs. Ms. Stout stated that the concern of IFAPA is that if there are any cuts to the adoption subsidy, recruitment of adoptive families will be hurt.

Cochairperson Seymour asked, in reference to the interstate compact, what the obligation of the state is to continue a subsidy if an adopted child leaves the state. Ms. Nelson explained that in that situation the subsidy follows the child so that Iowa is still listed as the responsible state. Ms. Weber commented that she has four adopted children, one of whom was adopted in Utah, and that Utah still pays the subsidy for that child and for crisis management services. She stated that the subsidy enabled her to adopt a child who was considered the hardest child to place in Utah at the time and to be a stay-at-home mother. She also stated that two of the children whom she has



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adopted were diagnosed with autism after they were adopted, so the subsidy program needs to be flexible.

- Ms. Thompson told the Committee about her three adopted children. She stated that although none of the children are on medication they do require ongoing family therapy. She stated that the tax credit was helpful and that there are lots of good resources around. She stated that the subsidy program needs to be flexible to provide needed support through the children's teen years.

Discussion. Cochairperson Granzow asked Ms. Weber how she renegotiated her adoption subsidy when she moved to Iowa and needed crisis management services. Ms. Weber responded that she had to deal with Utah but that Iowa's DHS helped her prepare the necessary paperwork and Utah was helpful too. Ms. Weber also stated that when she needed special child care, Iowa's DHS helped her. Ms. Larson indicated that she knew people who have had difficulty in obtaining additional services for teenagers. Ms. Thompson stated that she has had different experiences with different counties in Iowa. She indicated that Woodbury County does not provide very good feedback and questioned why counties do things differently. Ms. Cronk stated that she found the information provided to her confusing and opined that parents may not know where to get resources or whom to ask. Ms. Inman stated that she does not understand who funds what services but needs someone to call for help. She stated that once a child is adopted, the family does not have access to social workers any more, so the adoption liaisons are very helpful. She stated that families in her situation cannot survive without resources and help. Cochairperson Granzow expressed her admiration for the families who care for these special needs children.

IV. Recommendations for Legislative Monitoring of Program Changes and Information on Other States' Experiences With the Adoption Subsidy Program — Child and Family Policy Center.

Overview. Dr. Charles Bruner, Executive Director of the Child and Family Policy Center, told the Committee that the Adoption Subsidy Program in Iowa has been very successful in responding to the Federal Adoption Act's call for states to double the number of adoptions. Dr. Bruner stated that the number of adoptions in Iowa has steadily increased and that adoption subsidy costs have also increased from \$7.3 million to a projected \$27.5 million in 2005. Dr. Bruner stated that as children grow up, new needs may emerge and that it is hard to compensate for the lack of care that children experience in the first two years of their lives.

He stated that in a 1999 survey, 26 percent of adoptive parents indicated that their adopted children suffered from attachment disorder and other deep-seated problems. He stated that it is hard to find quality child care that will accept such children and encouraged the Committee to look closely at the need to continue the subsidy for child care. Dr. Bruner indicated that a significant number of adoptive parents experience stress and the hardest thing for them to do is to obtain needed services for the special needs of their children. He stated that such children manifest challenging behaviors throughout their lives.

Dr. Bruner stated that there is variation around the state among social workers in what subsidies and services and changes to those subsidies and services are approved. He stated that he hopes



that production of a handbook will produce more regularity and consistency in the provision of services and help parents negotiate their subsidy. Dr. Bruner opined that parents are worried about their subsidies because of worry about their children's well-being, not their own financial situation. Dr. Bruner also opined that there should be a general equivalency of what is provided for children with special needs who are adopted and those who are in foster care. Dr. Bruner stated that the adoption subsidy provides about 70 percent of what foster care does and that adopted children receive Medicaid cards as a source of last coverage that pays only what the parents' insurance does not. He stated that this means that the state generally pays less in medical expenses for an adopted child than for a child in foster care. He queried that if Iowa did not provide adoption subsidies, how much more would the state spend in foster care costs.

Discussion. Cochairperson Seymour asked about the link between special needs and area education agency (AEA) expenses for special education. He stated that he had heard from school superintendents that it was expensive to provide special education and wondered whether taxpayers are paying twice by paying for special education through the AEAs and paying again for special needs through the Adoption Subsidy Program. Dr. Bruner agreed that a high percentage of foster and adopted children are in special education and stated that over one-half of the special needs children adopted have attention deficit hyperactivity disorder. He stated that having a stable home should lessen the need for special education to some extent and that the adoption subsidy provides for different types of supports for the children than the AEA does. He stated that there is a need to coordinate and integrate the services available and to develop more integrated special education, child welfare, and mental health care services.

Representative Huser opined that research shows that adopted children only fare better than children in foster care if they have the same level of services available that are available in foster care. She stated that she has a problem with the adoption subsidy because it takes money away from services to prevent parental terminations. Dr. Bruner agreed that children do not fare much better in adoptive homes than in their own dysfunctional homes unless services are available, but stated that most children whose parental rights have been terminated are not able to return to their birth parents under any circumstances. Representative Huser asked how many children reunite with their birth parents after they become 18 years old. Dr. Bruner stated that that scenario is especially true for foster children, but adopted children are more likely to stay with their adoptive family. Dr. Bruner also opined that if more prevention services would be used, Iowa would have fewer than the current 6,800 removals of children from their birth parents.

Ms. Karen Perlowski, deputy director for the center, stated that there is a concern about moving special needs adoption children into the Child Care Assistance Program, which is federally funded and designed to help low-income families, and taking away the provision of this support through the adoption subsidy. She stated that this may adversely impact adoptive families with special child care needs who do not meet the criteria to be considered low-income.

Ms. Perlowski indicated that the child welfare program has been successful and has received federal bonuses as a result of that success. Representative Huser asked how the bonus money has been spent. Ms. Nelson, stated that since the bonuses became available in 1997, DHS has been eligible for them four out of five times. She stated the funds have been given to service areas to recruit foster and adoptive families, used to pay for child care costs of special needs



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children, and used to purchase training curricula for foster and adoptive families. She stated that the bonus is given if the number of adoptions in a state exceeds the baseline rate in effect for that state. Ms. Nelson stated that the baseline changes every year based on the number of adoptions in that state in the previous year. She stated that it is unpredictable whether a bonus will be awarded and that the amount of a bonus can range from \$9,000 to several million dollars so the bonus money has to be spent each year on a one-time basis. She stated that the bonus money can be spent anywhere in the Child Welfare Program and some has even been used to support intact families. Ms. Nelson stated that the number of children coming into foster care is still increasing, due in part to continuing problems with parental use of methamphetamine, so DHS does not project a decrease in spending for foster care, even though the number of adoptions is increasing.

Cochairperson Granzow asked whether the adoption subsidy affects money available for group foster care or shelter care. Ms. Nelson responded that payments to group care providers are allocated separately but that payments for things like crisis intervention services with birth families so that a child can return home may be reduced as a result of funding the Adoption Subsidy Program.

Cochairperson Granzow also asked how bonuses are determined. Ms. Nelson stated that the Title IV-E program is the federal part of the adoption program. She stated that Iowa earns certain matching payments based on whether the children adopted qualify and the state then receives a bonus on top of the match funds based on increasing the number of adoptions in certain areas.

Cochairperson Granzow observed that 75 percent of the state's adoption subsidies for child care services are given out in Polk County and queried whether this is a localized need or whether the need exists in other parts of the state. Dr. Bruner responded that the center has tried to survey the availability of special child care needs, but the information is not as complete for other parts of the state. He stated that there is a big difference in what services are received across the state and observed that special needs children often get expelled from regular child care because of behavior problems. Ms. Stout added that there are inconsistencies across the state in negotiating for special services and that special services are hard to find in rural areas. She stated that it is especially hard to find child care for older children who still need supervision when they are not in school. In response to a question from Cochairperson Granzow, Ms. Nelson stated that she does not believe that any child is not suitable for foster or adoption, but when it is not possible to find a family that is a good match for the child, the child will be placed in a congregate residential care setting.

Representative De Boef asked what it means to negotiate an adoption subsidy and what kind of flexibility is involved. Ms. Nelson responded that the maintenance payment for family foster care is a fixed amount while the adoption subsidy is some portion of the maximum amount that is available for each adoption. She stated that the amount of the subsidy awarded is reached by negotiating with the adoptive family to determine what services are needed and what resources the family has. She stated that any variation in the amount of an adoption subsidy should be based on the needs of the child and family and not on the social worker or the geographic area involved. Ms. Stout indicated that the negotiation process varies around the state and that the dialogue between parents and the social worker works better if all persons involved have received training



and consider possible future needs of the family and child. Dr. Bruner stated that any agreement needs to take into consideration possible future unanticipated needs. Representative De Boef asked whether a family needs an attorney to negotiate the subsidy agreement. Ms. Stout indicated that IFAPA is trying to address this problem by formulating a future needs agreement. Ms. Cronk added that the negotiation process was frustrating for her because she was not aware of what services she could ask for or what was available. She indicated that this information could be included in the handbook being prepared.

V. Committee Report.

Cochairperson Granzow pointed out that the Committee is required to file a final report with the General Assembly of their findings by December. Ms. Kate Walton, Legislative Liaison, DHS, noted that the adoption subsidy rule changes became effective on July 1, 2004. Senator Behn asked whether anyone still objects to these rule changes and Ms. Walton responded that she believes that the people who objected to these changes previously continue to object. Representative Huser stated that DHS has done all that it can with the Adoption Subsidy Program and the General Assembly has failed to give DHS direction on how to operate the program either by funding it or making changes.

Legislative Services Agency staffer John Pollak explained the charge of the Committee and observed that it is a broad charge to review the Adoption Subsidy Program. Mr. Pollak suggested that the Committee could circulate proposed options, set forth options at the meeting, or ask the General Assembly for authorization to conduct further study.

Cochairperson Seymour asked whether DHS is a charter agency and Ms. Nelson indicated that it is. Cochairperson Seymour asked whether it is possible to recategorize the adoption subsidy. Ms. Walton stated that child welfare is an umbrella appropriation with various allocations contained in it that has remained static the last few years. She stated that the Adoption Subsidy Program has grown and has been funded by taking money from other places because there were not sufficient funds in the child welfare appropriation to pay for it. She stated that the adoption subsidy is similar to an entitlement so that if people qualify for it, they must receive it. She stated that while the subsidy program continues to grow, DHS does not have the administrative authority to manage it. Ms. Nelson added that with static funding, the adoption subsidy is using money intended to help intact families stay together.

Senator Behn opined that when the budget is tight with static or small revenue growth, DHS is in the best position to make allocations among programs, not the Legislature. He stated that if the Legislature categorizes the appropriations, there may not be enough money to fund some programs and it will be necessary to do a supplemental appropriation. Ms. Walton replied that the problem is that the growth in the Adoption Subsidy Program is not funded and the solution to the problem is not transparent. She stated that DHS either needs administrative authority to adjust the subsidy to live within the program's budget or the Legislature needs to fund the program as it is. Representative Huser stated that this issue has been around for one and one-half years, but no one wants to impact people who have already been promised certain things by the state. She stated that the Legislature needs to tell DHS what to do if the Legislature cannot fund the program. Representative Huser stated that the Legislature should look at the cost of the program and decide



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whether to include the child care subsidy in the program. She stated that the administrative rules changes made by DHS are probably good and should continue to go forward. Senator Ragan observed that the rule changes have been in effect since July and the ramifications of those changes are already occurring.

Representative Huser queried what would be the effect of freezing the subsidy. Cochairperson Granzow stated that the Committee needs to look at different ways of funding the program but cannot accomplish that during this meeting and will need a fiscal note and analysis to assist with the process. In response to a question from Senator Ragan, Cochairperson Granzow indicated that the revisions may not necessarily include freezing the subsidy. Representative Huser observed that there are only three ways to make revisions— raising, lowering, or freezing the subsidy. Cochairperson Granzow asked whether it would be possible to base the subsidy on a different percentage of the cost of raising a family for the previous calendar year and Cochairperson Seymour questioned whether using a different percentage would jeopardize the federal match. Ms. Walton indicated that the federal match is \$1 for each dollar spent. Ms. Kelli Soyer, Child and Family Policy Center, stated that the Committee should consider the effect of further program cuts on recruitment of foster and adoptive parents.

Cochairperson Granzow suggested that Committee members make simple recommendations and send them to Mr. Pollak to be compiled. Senator Behn opined that it is not possible to give specific recommendations today because the Committee does not have enough information about the ramifications. Cochairperson Seymour stated that he is reluctant to make recommendations because the state is facing \$400 million of built-in appropriations increases for next year, and while revenues are up a little, there is insufficient revenue projected to meet the built-in increases and the state is also facing another public employee bargaining session. Cochairperson Seymour suggested that proposed recommendations be sent to Mr. Pollak who would compile them and send them out to Committee members for discussion during a teleconference. Senator Ragan opined that such a big decision should not be made in a teleconference and that the Committee should make no recommendations and should leave the issues involved for consideration during the legislative session. She stated the Committee does not have a consensus to solve the problem. Senator Behn agreed that there is no easy solution and the issue should be considered during the legislative session.

A motion was made by Cochairperson Granzow and seconded by Senator Behn that the Committee receive recommendations for revising the Adoption Subsidy Program, request a fiscal analysis of the Adoption Subsidy Program including an analysis of options for revising the program, and request the General Assembly to address issues concerning the funding of the Adoption Subsidy Program at the next legislative session. The motion was unanimously adopted on a roll call vote.

VI. Materials Filed With the Legislative Services Agency.

The items listed below were distributed at or in connection with the November 8 meeting and are filed with the Legislative Services Agency. The materials may be accessed from the "Additional Information" link on the Committee's Internet page:

<http://www4.legis.state.ia.us/aspx/Internet/Committees/Committee.aspx?id=65>



1. Background Memorandum prepared by John Pollak, Legal Services
2. Issue Review prepared by Lisa Burk, Fiscal Services
3. Statement submitted by the Iowa Foster and Adoptive Parents Association
4. Response to Information Request submitted by the Department of Human Services
5. Presentation Slides distributed by the Department of Human Services
6. Child and Family Policy Center Presentation
7. Beyond Adoption: Supporting Adoptive Families of Children with Special Needs submitted by the Child and Family Policy Center
8. Information Compiled in April 2004 Comparing Iowa's Program to Other Midwest States prepared by Lisa Burk, Fiscal Services

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